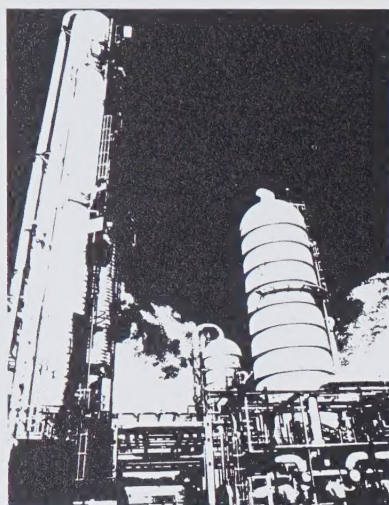




PETROSAR

*Petrosar Limited
Annual Report
1979*



PETROSAR

THOMAS J. ROYAL

Director, Public Relations and Communications

Petrosar Limited,
464 Christina Street South,
Sarnia, Ontario
Telephone (519) 332-0220
TELEX - 064-76153 TWX - (610) 361-0238

Mailing Address:
Petrosar Limited,
P.O. Box 7000,
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*Front Cover:
Photograph of Olefins Unit using
a line conversion treatment.*

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STATEMENT

Petrosar Limited is a world-scale petrochemical refinery processing Western Canadian crude oil through to olefins and aromatics petrochemical products as well as liquid and gaseous fuels. The petrochemical products produced in 1979, used as feedstocks by Petrosar's customers, are:

Ethylene	.901 million pounds (40869 tonnes)
Propylene	.636 million pounds (28848 tonnes)
Mixed C ₄ 's (Butadiene, Butylene, Isobutylene)	.435 million pounds (19731 tonnes)
Benzene	.232 million pounds (10523 tonnes)
Toluene/Xylene	.301 million pounds (13653 tonnes)

Highlights-1979

OPERATIONS FOR THE YEAR

Sales	\$ 687 154 000
Net Income	17 124 000
Working Capital from operations	53 777 000
Capital Expenditures	6 914 000
Depreciation & amortization	25 418 000
Class A Preference Shares	
— dividends	34 793 000
— redemption	20 000 000

FINANCIAL POSITION AT YEAR END

Working Capital	\$ 6 983 000
Fixed assets — net of depreciation	574 568 000
Total assets	804 538 000

President's Message



*Stanley R. Stephenson,
President and
Chief Executive Officer,
Petrosar Limited.*

The year 1979 was Petrosar's first full year of commercial operations, and sales revenue for the 12-month period amounted to \$687.2 million. Production of olefins and aromatics products totalled 2.5 billion pounds. Net income after absorbing a first quarter loss of \$2.5 million amounted to \$17.1 million. This is equivalent to a return of 2.5 per cent on sales and 2.1 per cent on total assets of \$804.5 million. After providing for \$34.8 million of dividends on Class A Preference Shares, operations for the year resulted in a loss of \$6.07 per common share.

No comparative annual figures are available for 1978 as the Company did not operate a full 12 months in that startup year. However, for the nine months ended December 31, 1979, sales were \$540.1 million as compared with \$401.1 million for the same period of 1978 and net income was \$19.6 million as compared with a loss of \$800,000 in the prior year period. This improvement in earnings is attributable to increased plant output and stronger prices for both petrochemicals and refined products as a result of the instability of crude oil pricing and supply in world markets.

During 1979, Petrosar issued \$11 million of Class B Preference Shares and \$10.9 million of the proceeds was credited to contributed surplus. On December 31, 1979, \$20 million of Class A Preference Shares were redeemed.

Capital expenditures during the year amounted to \$6.9 million and were mainly in the nature of essential projects to meet changing operating requirements. In 1980, larger expenditures on capital projects are expected which will provide increased feedstock flexibility and further improve the efficiency of plant operations.

In the fall of 1979, Franklin S. McCarthy, Vice Chairman and Chief Executive Officer of the Company, retired and resigned from the Board of Directors, although his services as an

advisor and consultant have been retained. Stanley R. Stephenson, President since April 1978, was appointed as Chief Executive Officer and as a director.

A safety milestone was achieved by Petrosar in December 1979 when the Company's employees completed one million man-hours without a lost-time accident. Petrosar places a high priority on accident prevention at all levels of the organization and firmly believes that further safety goals will be attained.

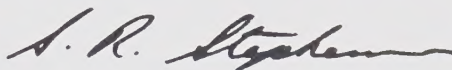
The developments which occurred in the international crude oil marketplace in 1979 will continue to have profound effects during 1980. The full power of the global energy disruption to cause fundamental social, political, and business changes has not yet been demonstrated. Given a relatively advantageous energy supply position, the Canadian petrochemical industry is in a favourable position to experience a period of very rapid growth in the 1980's. It is expected that demand for petrochemical products will be strong in 1980 and that industry prices will continue to follow those of the U.S. Gulf Coast market area. Refined products are forecast to be in tight supply and a firming can be expected in the improved margins which existed during 1979.

Crude oil supply is of critical importance to Canadian refiners and crude oil-based primary petrochemical producers. This matter is expected to have a very high profile in the 1980's. An appropriate means of acquiring crude oil for Eastern Canadian refiners must be found in order that Canadians can be provided with time to adapt their manufacturing operations and energy consumption patterns without major industrial disruptions.

During most of 1979, feedstocks for Ontario refineries and petrochemical plants were under allocation and Petrosar was forced to make some production cut-backs

due to inadequate supplies. The Company will continue to make every effort to achieve a fair allocation of available feedstocks in 1980, but it is possible that manufacturing operations might again be impeded during periods of short supply. Nevertheless, improved levels of petrochemical production and sales are expected.

On behalf of the Board of Directors, I would like to express my sincere gratitude to the many dedicated employees who overcame the challenges of the past year with the spirit that makes a great team great. With their dedication and capability, Petrosar faces the coming year with optimism.



S. R. Stephenson,
President and Chief Executive Officer.

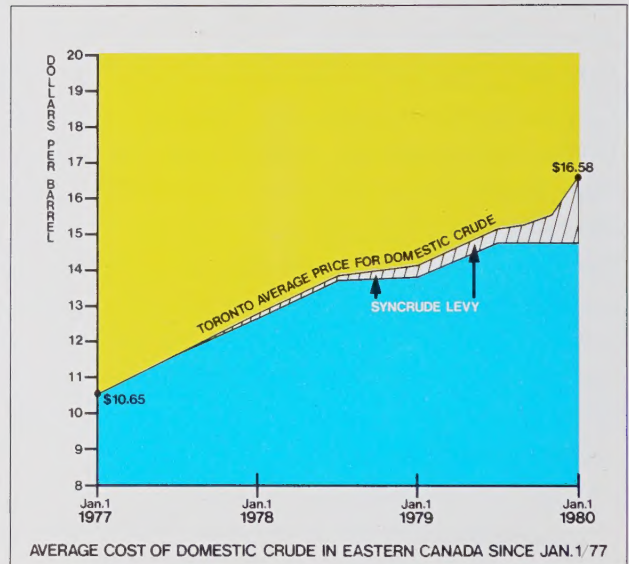
Annual Review

MARKETING

Petrochemical sales totalled \$294.4 million, of which 80 per cent was sold in the domestic market and the balance was exported. Improvements in the U.S. Gulf Coast market price for ethylene, coupled with strong domestic and export demand, contributed to a high level of ethylene sales, while propylene sales benefitted from a strong export market. In order to meet heavy customer requirements for benzene and aromatics, outside processing arrangements were established with other petrochemical producers during the first half of the year to process surplus aromatic heart-cut.

Sales of energy products totalling \$392.8 million resulted from a strong market demand accentuated by the Iranian crisis and from a strategy to broaden Petrosar's customer base by doubling the number of independent resellers for gasoline and heating oils. The proportion of transportation fuels in the total mix of energy products was increased. Despite the success of this program and the urging of the Federal Government, demands of customers for fuel products could not be fully met due to the lack of crude oil availability.

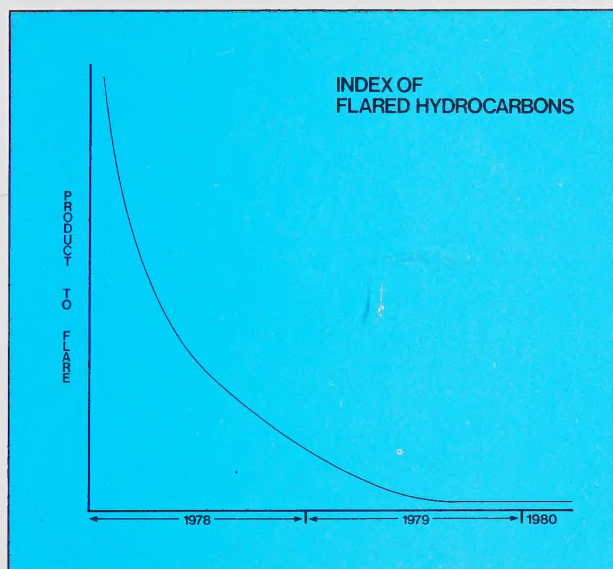
A total of 38 million barrels of crude oil and condensate were secured in 1979, somewhat less than could have been processed. An increase in the Federal Government's petroleum levy (commonly called the "Syncrude Levy") during the year, from 33 cents per barrel to 85 cents per barrel, was one of the factors contributing to the increased cost of feedstock. This levy, charged on all domestic



Top: Main transfer line leading to the gas fractionator in the Olefins Unit.

Middle: Average cost of domestic crude oil in Eastern Canada.

Bottom: Crude oil purchasing team in Petrosar's Calgary office.



petroleum, imports of foreign petroleum and petroleum products received for processing in Canada, currently represents an additional feedstock cost to Petrosar of approximately \$2.5 million per month.

To provide security of supply and flexibility in product delivery while taking advantage of timely economic opportunities, a number of processing product exchange and product throughput agreements were developed during 1979. At the same time, product delivery costs were reduced through the active renegotiation of freight rates and the establishment of a program to monitor product distribution expense.

Petrosar's tank car fleet was increased by 40 per cent to over 300 cars in recognition of increased marketing activities for propylene and normal butylene. Petrosar products are transported in bulk by rail, truck, marine and pipeline, primarily within the eastern half of North America. The development of safe and efficient procedures and equipment to handle these products, while meeting or exceeding Canadian and U.S. regulatory requirements, continued to be a major activity throughout 1979.

MANUFACTURING

Petrosar's ongoing energy conservation program resulted in an 8.5 per cent improvement in energy consumption in 1979. A project aimed at improving the steam trap operation and reducing steam leaks was begun in 1979 and will continue through 1980. Significant improvements in heater run-lengths and efficiencies have been made and other energy savings have been realized through equipment modifications and improved controls and operations. The continuing energy-saving program is expected to achieve a further substantial reduction in energy consumption in 1980.

Top: Petrosar's cracking heaters. A twelfth heater to ensure capacity production will come on line in 1981.

Middle: Losses of product to flare have been dramatically reduced since start of commercial production.

Bottom: Petrosar's 16 cell water cooling tower circulates some 150,000 gallons of water a minute.

Several projects directed towards increasing overall operational flexibility have begun. The installation of a 12th cracking heater will maintain olefins production at design capacity. A dedicated ethylene pipeline and tie-ins to other ethylene distribution and storage systems in Sarnia's Chemical Valley will improve the reliability of ethylene deliveries to customers.

Effluent water usage was significantly reduced during 1979 through careful monitoring and control of in-plant process water flowrates. Petrosar continues to maintain a dedicated effort towards preservation of the environment in all aspects by meeting or exceeding minimum government standards.

Due to the increased safety awareness and the dedication of all employees, Petrosar achieved one million safe man-hours without a single lost-time injury on December 21, 1979. In May 1979, an emergency exercise of Sarnia's Chemical Valley Emergency Control Organization was hosted in co-operation with other interested companies. There was a substantial response to the simulated emergency in which communications systems and mutual aid programs were successfully verified.

ADMINISTRATION

During 1979, the staff complement of regular employees increased by 75 to a total of 690, and 21 original Petrosar employees achieved five years of continued service. The five year length of service achievement is particularly significant as the average length of employee service is only 2.4 years, illustrating the growth of a "grass-roots" company.

Organization effectiveness programs continued throughout 1979. Employee participation at all levels in development and skill training programs utilized approximately four per cent of the total available

Top: A significant milestone, the first million man-hours without a lost-time accident, was achieved on December 21, 1979.

Middle: Some eight different companies and groups participated in a simulated emergency, hosted by Petrosar.

Bottom: People-oriented programs are continuously reviewed.





working days, with 65 per cent of employees participating directly in a variety of performance improvement programs. A new performance appraisal program was introduced in 1979 to determine and measure individual performance. This program supports Petrosar's belief that the continued growth and development of employees will foster improved performance and results, in all business areas. The health and medical care program was expanded to include a dental plan as a direct response to an employee benefits preference survey.

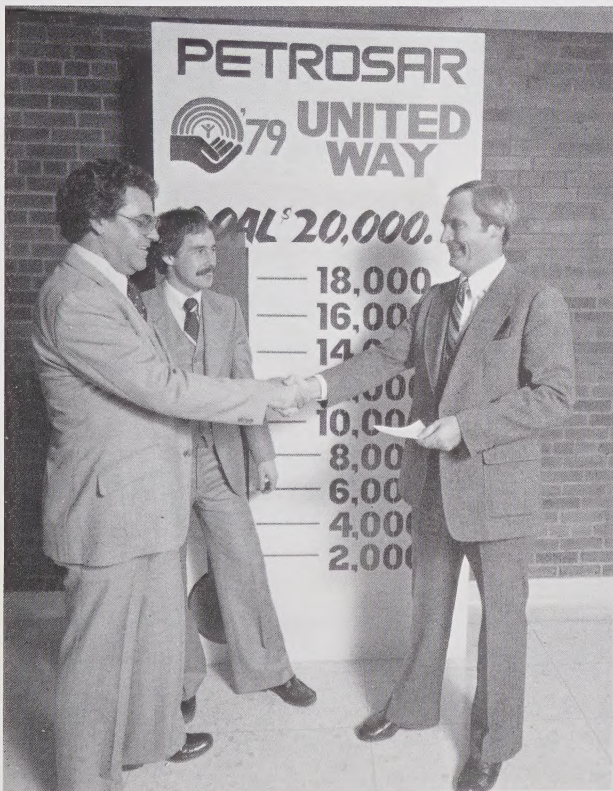
To replace temporary office accommodations and to provide much-needed facilities, construction of a 10,000 sq. ft. addition to the plant site administration building commenced in the fall of 1979, with occupancy scheduled for mid-1980. The plant site medical facilities were expanded to provide a more comprehensive service to employees.

Throughout 1979, Petrosar was active in the area of government affairs. In addition to establishing effective liaison with pertinent ministries, departments and agencies, representations were made concerning the allocation of crude oil supply and crude oil pricing.

Three successful Company-wide communications meetings were held during the year with an average voluntary attendance of over 50 per cent of total employees. These sessions allowed a two-way dialogue between the employees and the executive officers of the Company. Positive relationships were developed with both the local and national media and conscious efforts to renew contacts resulted in positive coverage of the Company's operations.

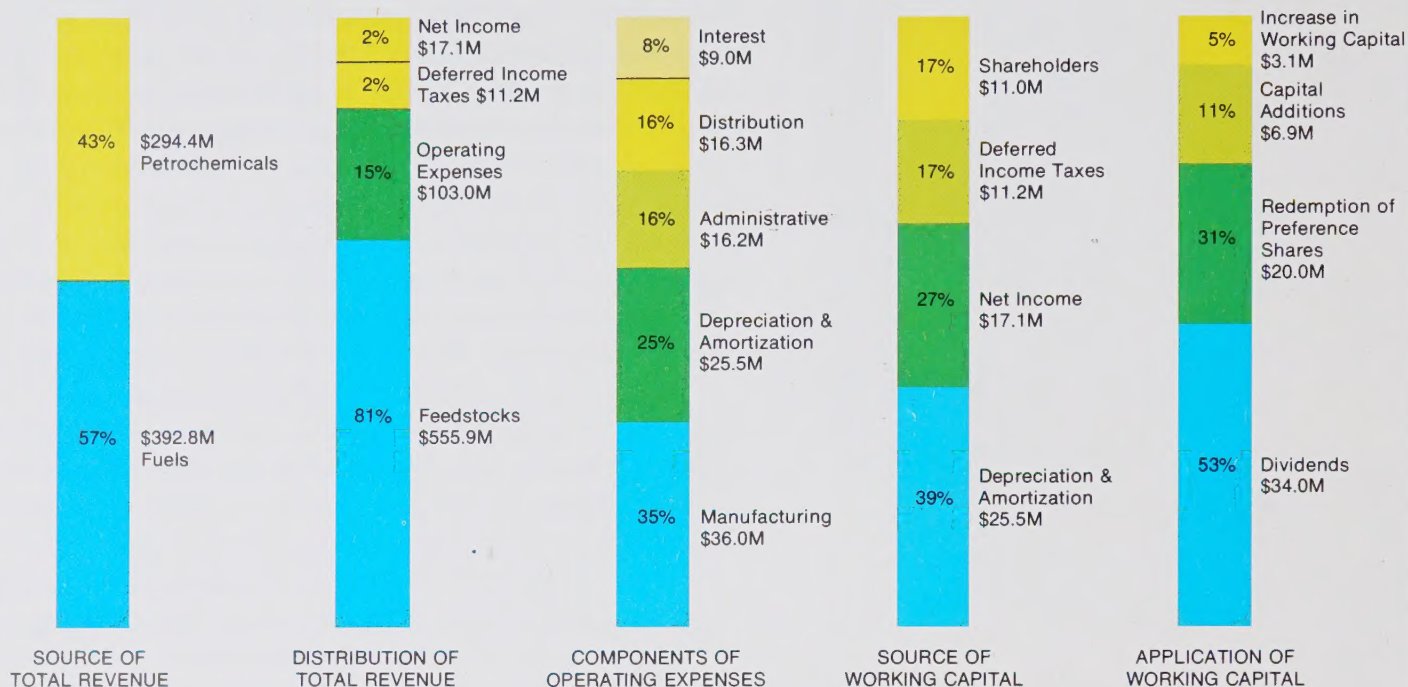
Community responsibility was highlighted twice in 1979. The United Way singled out Petrosar and its employees as having contributed the highest donation per employee in the industrial sector of the campaign. The Company and employees responded to a special appeal to finance a burn care unit at the Sarnia General Hospital, resulting in the highest per capita contribution to this worthwhile project. Over and above these two special endeavours, Petrosar continued to support local health and welfare causes as well as youth-oriented organizations and projects.

Top: The Honourable Larry Grossman, Ontario Minister of Industry and Tourism, with Stewart Lyall, Vice President of Manufacturing.



Bottom: Petrosar's United Way Campaign went "over the top".

Financial Review



SALES AND EARNINGS

Sales totalling \$687.2 million were comprised of 43 per cent chemical products and 57 per cent fuel products. Net income amounted to \$17.1 million.

LOSS PER COMMON SHARE

The 1979 loss per common share (net income less Class A Preference dividends expressed on a per share basis) was \$6.07.

WORKING CAPITAL

At the year-end, current assets totalled \$182.5 million made up mainly of \$94.4 million in accounts receivable and \$87.4 million in inventories. Current liabilities were \$175.5 million, of which \$84 million represented loans from banks and \$91.5 million was in accounts payable and accrued liabilities. Of the \$64.8 million of working capital provided, \$34.8 million was paid out in dividends on Class A Preference Shares, \$20 million was used to redeem Class A Preference Shares, \$6.9 million was invested in new fixed assets and \$3.1 million went to increase working capital. Working capital amounted to \$7 million at the year-end.

CAPITAL EXPENDITURES

The \$6.9 million invested in capital additions was applied mainly to new facilities designed to enhance operating flexibility and improve profitability. Most of the benefits of these expenditures will be realized in 1980 and subsequent years. Planned capital expenditures for 1980 are expected to increase feedstock flexibility and further improve plant operating efficiency.

DEFERRED INCOME TAXES

Due to the availability of tax credits for losses of prior years and capital cost allowances, the payment of taxes charged during 1979 was deferred to future years.

PREFERENCE SHARES

Of the \$445 million of Class A Preference Shares which were outstanding during the year, \$20 million were redeemed at December 31, leaving a balance of \$425 million outstanding at the year-end. A total of \$11 million of Class C Preference Shares were issued during the year, of which \$10.9 million was credited to contributed surplus.

INTEREST

Bank loans ranged from a high of \$89.3 million at the beginning of 1979 to a low of \$4 million in late November, and averaged \$60.5 million for the year. The interest paid on bank loans in 1979 totalled \$9 million.

PENSION PLAN

Current service costs for 1979 amounted to \$1.5 million. The pension plan is fully funded and the pension fund totalled \$5.1 million as at December 31, 1979.

INFLATION

As the accounting profession has not yet developed a generally accepted method of accounting for inflation, Petrosar reports its financial results on the conventional historical basis. Developments in accounting for the effects of changing prices are being studied with interest.

PETROSAR

Financial Statements

AUDITORS' REPORT TO THE SHAREHOLDERS

PEAT, MARWICK, MITCHELL & CO.
CHARTERED ACCOUNTANTS

We have examined the balance sheet of Petrosar Limited as at December 31, 1979 and the statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Toronto, Canada
February 5, 1980

PETROSAR LIMITED

STATEMENT OF INCOME

(thousands of dollars)

	Year Ended December 31, 1979	Nine Months Ended December 31, 1978
Sales	\$ 687 154	\$ 401 052
Cost of sales	608 158	376 606
Selling, general and administrative expenses	16 196	9 006
Depreciation	19 821	9 923
Amortization of pre-production expenses	5 597	2 801
Interest	9 023	5 953
	<u>658 795</u>	<u>404 289</u>
Net income (loss) before income taxes	28 359	(3 237)
Deferred income taxes	(11 235)	2 437
NET INCOME (LOSS)	\$ 17 124	\$ (800)
Net loss per Common Share after provision for Class A Preference Share dividends	\$ 6.07	\$ 8.38

STATEMENT OF RETAINED EARNINGS

(thousands of dollars)

	Year Ended December 31, 1979	Nine Months Ended December 31, 1978
Balance at beginning of period	\$ (800)	\$ —
Net income (loss)	17 124	(800)
Dividends on Class A Preference Shares	(10 802)	—
Balance at end of year	\$ 5 522	\$ (800)

The notes to financial statements are an integral part of these statements.

PETROSAR LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of dollars)

	Year Ended December 31	
	1979	1978
Working capital was provided by		
Current operations	\$ 53 777	\$ 9 487
Issue of preference shares	110	584 602
Contributed surplus	10 890	32 670
	<u>64 777</u>	<u>626 759</u>
Working capital was used for		
Redemption of preference shares	20 000	—
Dividends on Class A Preference Shares	34 793	21 569
Property, plant and equipment	6 914	13 298
Pre-production expenses	—	4 966
Repayment of long-term debt	—	555 998
	<u>61 707</u>	<u>595 831</u>
Increase in working capital	3 070	30 928
Working capital (deficiency) at beginning of year	3 913	(27 015)
Working capital at end of year	\$ 6 983	\$ 3 913

STATEMENT OF CONTRIBUTED SURPLUS

(thousands of dollars)

	Year Ended December 31	
	1979	1978
Balance at beginning of year	\$ 13 101	\$ 2 000
Premium on issue of Class B Preference Shares	10 890	32 670
Dividends on Class A Preference Shares	23 991	21 569
Balance at end of year	<u>\$ —</u>	<u>\$ 13 101</u>

The notes to financial statements are an integral part of these statements.

PETROSAR LIMITED

BALANCE SHEET

(thousands of dollars)

		December 31	
		1979	1978
Assets	Current assets:		
	Cash	\$ —	\$ 53
	Accounts receivable	94 398	91 493
	Inventories	87 374	84 563
	Prepaid expenses	717	723
	Total current assets	182 489	176 832
	Property, plant and equipment	574 568	587 475
	Pre-production expenses	47 481	53 078
		<u>\$ 804 538</u>	<u>\$ 817 385</u>
Liabilities	Current liabilities:		
	Bank loans	\$ 83 950	\$ 89 250
	Accounts payable and accrued liabilities	91 556	83 669
	Total current liabilities	175 506	172 919
	Deferred income taxes	8 798	(2 437)
		<u>184 304</u>	<u>170 482</u>
Shareholders' Equity	Capital stock:		
	Preference shares	564 712	584 602
	Common shares	50 000	50 000
	Contributed surplus	—	13 101
	Retained earnings (deficit)	5 522	(800)
		<u>620 234</u>	<u>646 903</u>
		<u>\$ 804 538</u>	<u>\$ 817 385</u>

Approved on behalf of the Board:

S. R. Stephenson, Director

J. E. Newall, Director

The notes to financial statements are an integral part of these statements.

PETROSAR LIMITED

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 1979

1. The Company

Petrosar Limited is incorporated under the laws of Ontario. The Company owns and operates a world-scale petrochemical refinery in the vicinity of Sarnia, Ontario. The plant is designed to produce ethylene and other primary petrochemicals as well as fuel products. The majority of the petrochemicals and some fuels are sold, under long-term take-or-pay contracts, to the holders of common shares, other than Canada Development Corporation.

Common shares are owned by:

Polysar Limited	40.2%
Canada Development Corporation	19.8%
Du Pont Canada Inc.	20.0%
Union Carbide Canada Limited	20.0%
	100.0%

2. Significant accounting policies

Inventories:

Inventories of feedstocks are valued at cost, which is not in excess of market, on a first-in, first-out basis. All other inventories are valued at the lower of average cost and net realizable value.

Property, plant and equipment:

These assets are valued at cost which includes charges for engineering, acquisition and installation and all costs of debt incurred to finance construction. Depreciation is calculated on the straight-line basis over the estimated useful life of the assets. The depreciation charge during the initial six months of commercial production which commenced on April 1, 1978, was related to the percentage of plant capacity utilized.

Pre-production expenses:

These expenses, incurred in connection with construction of the production facilities, have been deferred and are being amortized on the straight-line basis over a period of ten years from the commencement of commercial production. During the first six months of commercial production, the charge related to the percentage of plant capacity utilized.

Income taxes:

The Company provides for income taxes using the deferral method of tax allocation. The time in which certain transactions affect taxable income frequently differs from the time in which they affect net income in the financial statements. All income taxes in the financial statements have been deferred as a result of such timing differences.

Investment tax credits, which may reduce future years' income taxes by up to \$25 million and which expire in the years 1980 to 1984, will be recorded if realized.

Foreign currency translation:

Current assets and current liabilities in U.S. currency are translated to Canadian currency at year-end rates and transactions during the year are translated at the then prevailing rates. Gains and losses resulting from such translation practices are included in the statement of income.

PETROSAR LIMITED

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Year ended December 31, 1979

3. Supplementary balance sheet information

Thousands of Dollars

	1979	1978
Accounts receivable:		
Trade		
- Shareholders	\$ 36 775	\$ 39 456
- Other	56 515	51 248
Miscellaneous	1 108	789
	<u>\$ 94 398</u>	<u>\$ 91 493</u>
Inventories:		
Feedstocks	\$ 46 664	\$ 42 190
Intermediate and finished products	31 318	34 119
Plant supplies and materials	9 392	8 254
	<u>\$ 87 374</u>	<u>\$ 84 563</u>
Property, plant and equipment:		
Land	\$ 3 301	\$ 3 405
Buildings	11 387	10 595
Plant and equipment	589 624	583 398
	<u>604 312</u>	<u>597 398</u>
Accumulated depreciation	29 744	9 923
	<u>\$ 574 568</u>	<u>\$ 587 475</u>
Pre-production expenses:		
Net cost	\$ 55 879	\$ 55 879
Accumulated amortization	8 398	2 801
	<u>\$ 47 481</u>	<u>\$ 53 078</u>
PREFERENCE SHARES		
Class A Preference Shares: \$100.00 par value.		
Authorized: 5 000 000 shares.		
Issued: 4 250 000 shares. In 1979,		
200 000 shares were redeemed for cash.	\$ 425 000	\$ 445 000

These redeemable non-voting shares rank senior to all other shares and are not redeemable at the option of the holder except in certain specified events.

Cumulative dividends at an annual rate of 1.35%, plus 52% of bank prime lending rate are payable quarterly. During the next five years, the Company is required to redeem the following amounts: 1980 — \$35 million, 1981 — \$40 million, 1982 — \$50 million, 1983 and 1984 — \$60 million annually.

Certain of the shareholders have agreed to provide, if necessary, sufficient funds to enable the Company to pay dividends and to redeem these shares when due.

The provisions of these shares restrict the payment of dividends and the redemption of all other shares.

PETROSAR LIMITED

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Year ended December 31, 1979

3. Supplementary balance sheet information (cont'd.)

Thousands of Dollars

1979 1978

Class B Preference Shares: \$1.00 par value.

Authorized: 2 500 000 shares.

Issued: 440 000 shares, including

110 000 issued in 1979 for \$11.0 million cash of
which \$10.9 million was contributed surplus.

\$ 440 \$ 330

These non-voting shares rank senior to all other shares except the Class A Preference Shares. These shares are redeemable at par only after dividends have been paid aggregating \$100 per share, plus 60c for each month that the shares have been outstanding.

Class C Preference Shares: \$100.00 par value.

Authorized: 7 500 000 shares, issuable in series,
of which 1 400 000 have been authorized to
be issued as Class C Preference Shares,
Series One.

Issued: 1 392 717 Series One Shares

139 272 139 272

These redeemable non-voting shares rank junior to the Class A and Class B Preference Shares. Cumulative dividends at an annual rate of 10.5% accrue from February 1, 1981 and are payable semi-annually thereafter.

\$ 564 712 \$ 584 602

COMMON SHARES

Authorized: 4 000 000 shares of no par value.

Issued: 3 000 000 shares.

\$ 50 000 \$ 50 000

4. Remuneration of Directors and Officers

The aggregate direct remuneration to and payment for services of senior officers of the Company totalled \$652 000 (\$605 000 in 1978). No remuneration was paid to directors for services as directors.

PETROSAR'S PETROCHEMICAL CUSTOMERS

Four of Petrosar's petrochemical customers are located in the Sarnia area. Because of their close proximity to the Petrosar complex, delivery of the various products is by pipeline.

DU PONT CANADA INC.

St. Clair River Works in Corunna receives propylene, benzene, toluene/xylene and is Petrosar's major customer for ethylene.

Du Pont Canada manufactures polyethylene resins and film, polypropylene fabric and various commercial and industrial nylon, polyester and acrylic fibres and spandex yarns which are marketed under various well-known trade names.

These resin, film and fibre products are used to make hundreds of products including plastic piping, containers and packaging film as well as textiles and carpets.

POLYSAR LIMITED

Polysar's synthetic rubber and latex manufacturing plant in Sarnia and its world-scale styrene monomer unit use Petrosar's ethylene, butadiene, isobutylene and benzene.

Few companies make more types of rubber or latex and Polysar is certainly one of the world's largest manufacturers of foam latex. These materials are processed into literally thousands of end products, including tires and other automotive components, footwear, building materials, foam rubber backing for carpets and upholstery and for various plastics made of polystyrene.

SHELL CANADA LIMITED

Petrosar's propylene is used as a feedstock at Shell Canada's two new world-scale petrochemical plants; a polypropylene unit and an isopropyl alcohol unit at its Sarnia Manufacturing Centre.

Polypropylene is used for rope and twine, food containers, housewares, packaging film and carpets. It is used extensively in the automotive industry for battery cases, interior panels, and many components under the hood. It is also used in parts in home appliances.

Isopropyl alcohol is used in formulating such items as rubbing alcohol, windshield washer fluid, glass cleaner and fabric softeners as well as being used in the manufacture of lacquers, inks, mining chemicals, plastics and pharmaceuticals.

UNION CARBIDE CANADA LIMITED

Union Carbide's Moore Township plant is a major customer for ethylene. This plant, which became fully operational in 1978, produces polyethylene, the most widely used plastic, and is currently undergoing an expansion to increase its capacity by 60%.

The firm extrudes polyethylene into film for a wide range of commercial and agricultural applications. Polyethylene is also widely used in flexible packaging for food and other consumer products.

In addition, it is employed extensively by the wire and cable industry for insulating purposes, and for the manufacture of a variety of extrusion coated and molded products.



Du Pont Canada Inc.



Polysar Limited



Shell Canada Limited



Union Carbide Canada Limited

PETROSAR LIMITED

Head Office:

785 Hill Street, Corunna, Ontario (519) 862-2911

Plant

Operations

Employee Relations

Purchasing

Administration:

464 Christina Street South, Sarnia, Ontario (519) 332-0220

Corporate Services

Finance

Marketing

Public Relations

Training

Mailing Address:

P.O. Box 7000, Corunna, Ontario N0N 1G0

Telex — 064-76153

TWX — (610) 361-0238

Crude Oil Purchasing:

3150 Scotia Centre

700 - 2nd Street, S.W., Calgary, Alberta (403) 266-4043

DIRECTORS:

- * W. A. Critchley, Group Vice President, Finance and Administration, Polysar Limited
- †* J. S. Dewar, President, Union Carbide Canada Limited
- R. G. Frakes, Group Vice President, Corporate Development, Polysar Limited
- †* H. A. Hampson, President and Chief Executive Officer, Canada Development Corporation
- †* J. E. Newall, President and Chief Executive Officer, Du Pont Canada Inc.
- † I. C. Rush, Chairman of the Board of Petrosar Limited;
President and Chief Executive Officer, Polysar Limited
- † S. R. Stephenson, President and Chief Executive Officer, Petrosar Limited

* Member, Audit Committee

† Member, Executive Committee

OFFICERS:

- I. C. Rush, Chairman of the Board
- S. R. Stephenson, President and Chief Executive Officer
- J. B. Daniels, Vice President, Administration
- J. D. Forbes, Vice President, Marketing
- S. T. Lyall, Vice President, Manufacturing
- R. E. Membrey, Vice President, Finance
- B. G. S. Withers, Vice President, Corporate Operations
- J. Havlik, Corporate Secretary
- E. P. McDermott, Treasurer

